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**UNITED STATES BANKRUPTCY COURT
 DISTRICT OF NEVADA**

In re:
 USA COMMERCIAL MORTGAGE COMPANY,
 Debtor.

Case No. BK-S-06-10725 LBR
 Case No. BK-S-06-10726 LBR
 Case No. BK-S-06-10727 LBR
 Case No. BK-S-06-10728 LBR
 Case No. BK-S-06-10729 LBR

In re:
 USA CAPITAL REALTY ADVISORS, LLC,
 Debtor.

Chapter 11

In re:
 USA CAPITAL DIVERSIFIED TRUST DEED FUND, LLC,
 Debtor.

Jointly Administered Under
 Case No. BK-S-06-10725 LBR

In re:
 USA CAPITAL FIRST TRUST DEED FUND, LLC,
 Debtor.

Date: September 13, 2006
 Time: 9:30 a.m.

In re:
 USA SECURITIES, LLC,
 Debtor.

Affects:
☒ All Debtors
☐ USA Commercial Mortgage Company
☐ USA Securities, LLC
☐ USA Capital Realty Advisors, LLC
☐ USA Capital Diversified Trust Deed Fund, LLC
☐ USA First Trust Deed Fund, LLC

**COURT ORDERED STATUS REPORT
 REGARDING NOTICE OF NOVEMBER
 13, 2006 CLAIM BAR DATE, PROOF OF
 CLAIM FORM AND PROOF OF
 INTEREST FORM
 (AFFECTS ALL DEBTORS)**

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USA Commercial Mortgage Company (“USACM”), USA Capital Diversified Trust Deed Fund, LLC (“Diversified Fund”), USA Capital First Trust Deed Fund, LLC (“First Trust Deed Fund”), USA Securities, LLC (“Securities”), and USA Capital Realty Advisors, LLC (“Realty Advisors”) (collectively, the “Debtors”), by and through their undersigned counsel, hereby submit the following status report of the notices of the November 13, 2006 claim bar date, the proof of claim forms, and the proof of interest form.

A. SUMMARY OF FACTS

1. The Debtors commenced their respective bankruptcy cases by filing voluntary petitions for relief under chapter 11 of the Bankruptcy Code on April 13, 2006 (the “Petition Date”). The Debtors’ cases are being jointly administered pursuant to an order of this Court.

2. On August 31, 2006, the Court set November 13, 2006, as the date by which proofs of claim and proofs of interest forms must be filed to be considered timely filed.

3. The Court further set September 18, 2006, as the date by which notice of the bar date must be mailed to all creditors and other parties in interest and requested that the parties report to the Court on September 11, 2006, regarding any issues that the parties could not resolve regarding the notices, proofs of claim, and proofs of interest forms that are to be sent to all creditors and other parties in interest so that those issues could be determined at the September 13, 2006 hearing. This status report is filed pursuant to the Court’s August 31, 2006 request.

4. The order setting the deadline for filings proofs of claim and proofs of interest has not, as yet, been entered.

B. STATUS OF PROGRESS

5. On August 8, 2006, Debtors circulated drafts of the following: (i) Notice of Deadline Requiring Filing of Proofs of Claim on or Before November 13, 2006 (directed to all persons and entities having interests in loans serviced by USACM); (ii) Notice of Deadline Requiring Filing of Proofs of Interest on or Before November 13, 2006; (iii) Notice of Deadline Requiring Filing of Proofs of Claim on or Before November 13, 2006 (directed to all persons and entities with claims against USACM, First Trust Deed Fund, Diversified Fund, Realty Advisors and Securities); (iv) Proof of Claim (Custom Scheduled Form); (v) Proof of Interest (Custom Scheduled Form); (vi)

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Proof of Claim (Generic Form); and (vii) Proof of Claim (for Direct Lenders) (collectively referred to as the “Draft Forms”). Copies of the Draft Forms are attached hereto as **Exhibit A through G**, respectively.

6. Counsel for the Committee for the Diversified Fund and Counsel for the Committee for the First Trust Deed Fund have thus far submitted the following comments to the Draft Forms:

- a. Additional clarification should be provided in the Draft Forms regarding the identify of the equity interest holders, the extent of each of their interests, and the allowance of their claimed interests;
- b. Additional warning language should be included in the Draft Forms emphasizing the importance of filing the proof of claim and proof of interest forms in the correct Debtor bankruptcy case, and also including more specific language about the filing deadline;
- c. Additional clarification should be provided in the Draft Forms regarding whether the proof of claim and proof of interest forms can be filed with the bankruptcy court clerk, and if so, the address of the bankruptcy court clerk and the specific filing deadline for filing with the bankruptcy court clerk;
- d. The inclusion of address correction language as appropriate in the Draft Forms; and
- e. The inclusion of the website information for each of the Committees in the Draft Forms.

Based upon these comments, the Debtors have prepared a revised Notice of Deadline Requiring Filing of Proofs of Interest on or Before November 13, 2006, a copy of which is attached as **Exhibit “H”**.

7. The Debtors also expect to receive comments to the Draft Forms from the Unsecured Creditors Committee and the Committee of Holders of Executory Contract Rights.

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1 8. The Debtors believe that most, if not all, of the comments from the
2 Committees can be incorporated into the Draft Forms, and the Debtors and the Committees are
3 working to try and reach a consensus on the Draft Forms prior to the September 13, 2006 hearing.
4

5 Respectfully submitted this 11th day of September, 2006.
6

7 /s/ Lenard E. Schwartz
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